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AUTHOR Kourilsky, Marilyn; And Others
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ABSTRACT

The New Youth Entrepreneur curriculum is a series of 12 youth-oriented educational modules containing instructional materials, learning activities, and checkup exercises designed to teach students key elements of entrepreneurship. This document is the sixth module, and discusses basic considerations of business administration, such as business location, climatological influences on business, transportation and communication needs, and office and storage facilities issues. The first section examines issues related to the location of the venture, focusing on defining the customer base and providing three sample situations with questions for students. The second section reviews possible effects of climate, weather, and seasons on businesses. Sections four and five provide exercises that address location issues with respect to the need for customers to be able to contact the business and types of transportation needed. Sections six, seven, and eight focus on determining whether the venture will need additional personnel; office, storage, and warehouse space; and telephone service. The final section reviews essential elements for any business, including a mailing address; access to a telephone; and a place for supplies, records, and merchandise. A review exercise is included. (CELCEE, an Adjunct ERIC Clearinghouse on Entrepreneurship Education) (MAB)

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The New Youth Entrepreneurs

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Where To Do Business

Module 6

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For More Information Contact

EDTEC

Education, Training & Enterprise Center, Inc.
313 Market Street
Camden, NJ 08102
Phone: (609) 342-8277
Fax: (609) 962-8110

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THE NEW YOUTH ENTREPRENEUR

Where To Do Business

Module 6

Created By

CEL

Marilyn Kourilsky

Carol Allen

EDTEC

Aaron Bocage

George Waters

Consultant

John Clow

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Where To Do Business?

- Business location - park bench, back pack, bicycle carrier, car, or building?
- Should I have my business inside or outside my community?
- Do climate, weather, or seasons affect my business?
- Where and how do my customers contact me?
- Do I need transportation?
- Do I need help?
- Do I need an office or storage space?
- Do I need a telephone?
- What are the absolute "basics" I might need to run my business?

Business Location

MAUDE'S STORY

Maude probably did not worry about the things that you worry about. She lived in a far different time than the present one and her parents followed an occupation that few follow today. She lived in the 1830's before engine power was invented. Her parents were peddlers who went from village to village selling various items, such as pots, pans, cloth, thread, and trinkets. Their customers were in the Appalachian Mountain area in the southern part of the United States.

Maude always enjoyed it when they pulled into a village since they were the center of attention for about a day. People really looked forward to seeing them because they saw so few new people in these rather isolated villages. They were intrigued with what her folks had to sell.

Many times her dad would not take cash for an item he was selling; instead he would trade one item for an item that the customer had. Her dad was pretty sharp at trading; he would only trade an item for an item when he knew that he could use it or he could sell it at another village that he was visiting in the next few weeks.

In the evening, they would either sleep in the wagon they had or in a tent outside the village. Generally, they did not have enough money to rent a room in a boarding house or a local home.

Maude's dad and mother were real entrepreneurs. They had a different situation from entrepreneurs today. Their customers could not call them on the phone or write to them since they did not have a permanent address and the telephone had not yet been invented. Their customers had no way to get in touch with them between visits.

Still, they had to be concerned about their location. In their situation, they knew that they would not sell any items unless they visited the small villages where people had difficulty getting any items that they did not make themselves. Maude's parents readily understood that they would not be as successful selling their wares in a large city where there would be a lot of places offering items for sale.

Business Location

Just like Maude's parents, an entrepreneur in today's world must be concerned about the location of his/her business.

After reading this module, you should be able to:

1. Define and give examples of why the following questions are important for an entrepreneur to answer.
    a. Where are my customers based? Does the business need to be close to the customer or close to where the entrepreneur lives or both?
    b. How do climate, weather, and the seasons affect my business?
    c. Do I need transportation to get my business and/or to get the goods or service to the customers? If so, what kind is best?
    d. Do I need helpers? If so, where will they do the work?
    e. Do I need office, storage or warehouse space? If so, where should I locate it?
    f. What are the best ways that customers can communicate with me? What equipment might I need to gain their communication?
2. Explain and give at least one example of why a good location for one business may not be a good location for another business.
3. Evaluate location questions for various businesses.

Business Location

A very famous hotel developer once said that there were three important ingredients for success in the hotel business. They were location, location, and location. He was referring to the fact that the location of his hotels was of the utmost importance — they had to be close to different types of transportation, close to shopping, close to business centers, etc. In other words, they had to be close to where the action was.

Many small businesses do not have to be in the center of all the action. But care should be taken in looking at where a business should be located. It can affect profit either negatively or positively.

We will first consider some of the questions which should be asked about location and then indicate some suggestions as to location for a business that you might want to establish.

Inside or Outside the Community

Should The Business Be Located Close To The Customer To Be Served, or Close To The Home Of the Entrepreneur, or Both?

Let's first take a look at whether the business should be located close to the customer or not. The answer depends on the type of business. For example, if you want to sell ice cream cones to the public, you will need to be in the community where you want to sell the item — either a store, a stand, or a movable cart. You can't send an ice cream cone through the mail or by taxicab and have a happy customer.

On the other hand, there are some businesses where you do not need to have the location of the business close to the customers. For example, if you are doing some simple computer programs for small businesses, your business does not have to be in the area where the businesses are located. Yes, you will probably need to visit the client businesses, but the area where you do the computer work can be quite a distance from your clients. Mail order houses are another example: they are not close to their customer base. Customers send in their orders and they are filled by mail.

In other words, it depends on the product/service you are selling and the type of relationship you want with your customer. With a highly perishable item, being close to the customer is important. If you want volume sales and face-to-face interaction with customers, a location close to the customer is essential.

Another locational decision focuses on whether you should start a business in your neighborhood or outside of it. There are at least two aspects which should be studied. Every neighborhood has entrepreneurial opportunities. But entrepreneurial opportunities are different for different neighborhoods. For example, mowing lawns could be successful in suburban areas but a real loser in city areas with lots of high-rise apartments.

Another aspect, which is especially important for young entrepreneurs, is to study seriously the trade-offs of running a business outside of their own neighborhood.

Inside or Outside the Community

There are increasing costs when you go to another area to run a business, such as travel costs, travel time, extra meal costs, and inconvenience. In some instances, these extra costs are not worth the hoped-for benefits of starting a business outside the neighborhood. Of course, the worth has to be determined by the entrepreneur.

Read the following situations regarding locational issues and answer the questions to get an idea of the thinking process that the successful entrepreneur should go through in order to make decisions about location.

SITUATION #1

Tom lives in Philadelphia. His parents own the grocery store in his neighborhood. Tom runs errands for the neighborhood people who don't want to go out on the streets alone. He may be asked to pick up small items, books, foods from his parent's store, or anything else that the customers need. Tom's father only lets him go to places within a two-block area because of the danger of heavy traffic on the streets in his neighborhood.

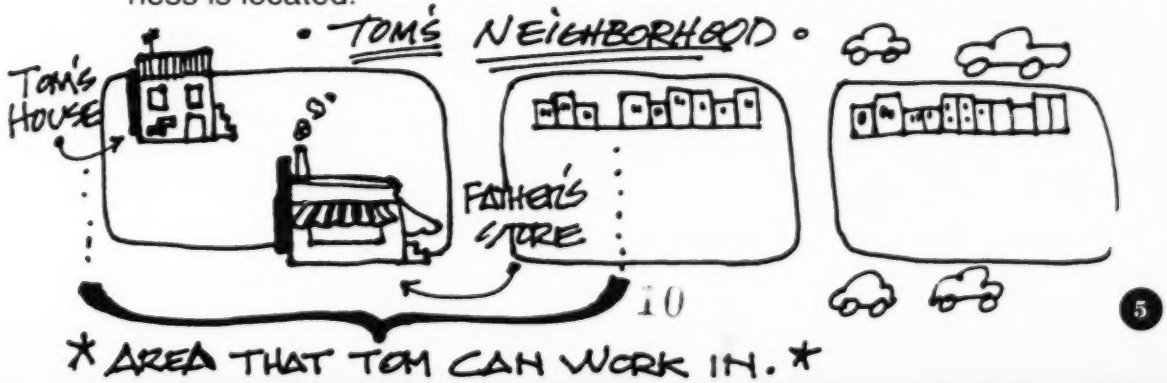
a. Do you think that this errand runner business should be located close to where the customers live? Why or why not?

b. Does the two-block limit put on Tom's work cause problems for him in terms of what he can do for his customers?

c. Do the type of stores located in the two block area affect Tom's business? Why or why not?

d. How could Tom find customers to use his errand service?

e. Name any advantages of having Tom live in the area where the business is located.



Inside or Outside the Community

SITUATION #2

Tom's business is a success and he is two years older. His father now lets him go up to 10 blocks away. Now he picks up and delivers medications, prescriptions, and medical supplies from a pharmacy/drug store, nine blocks away. His parents won't let him walk to the pharmacy because he has to pass through a very bad neighborhood to reach it. The pharmacy is located on a bus line. Taking the bus costs $1.00 round-trip. Some of the things he carries, like insulin for diabetics, are in an insulated soft drink carrier since they have to be kept cold.

a. Does his location near a bad neighborhood cause business problems and expenses for Tom? Explain.

b. Does the current situation in his neighborhood contribute toward increasing his business? Explain.

c. How can Tom avoid extra bus charges and make more profit?

Inside or Outside the Community

SITUATION #3

Cranberries grow in a place called a "bog", a swampy lake, which is usually in a forest in the country areas. Suppose that Harry lives in the city. He has a friend, John, who owns a bog. John harvests cranberries by machine, which leaves many berries along the edges of the bog. John says that Harry can buy a cranberry scoop for $40, hand-harvest the leftover berries (John will show him how), and put them in barrels to market with the rest of his crop. John will sell them, and give Harry the money. Cranberries currently are selling for $75 a barrel. Suppose that Harry accepts the invitation to start this entrepreneurial venture.

a. Where will Harry's business be located?

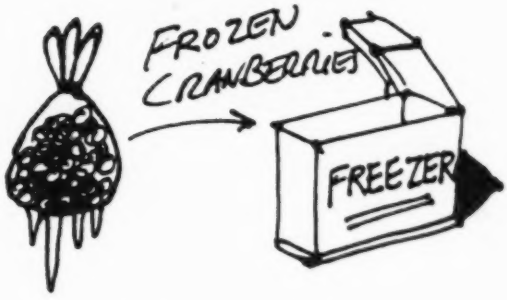
b. Does Harry have to find customers to buy his berries?

c. Should Harry's business be in the same neighborhood as his customers?

d. Does Harry live in the same neighborhood as his business? If not, should he live in the same neighborhood?

e. How would you recommend that Harry market his cranberries?

FOR THANKSGIVING



FOR CHRISTMAS

Inside or Outside the Community

**At this stage in your life,
where you live right now
is what will determine, to a great extent,
the kind of business
that you will do.**

If you were asked to work in the cranberry bogs, like Harry, and lived in the city, it might take you a lot of time to get to the bogs and return home, all in the same day. You might be worn out from traveling for such a long period of time during the day. Also, you might find that the travel costs are quite high, even with public transportation. Considering the costs of time and travel, there might very well be another entrepreneurial venture which would be more profitable closer to home.

Inside or Outside the Community

Similarly, if you were asked to do the errand business and lived in the country, you might not be very successful because you have such few neighbors. Each of them may be several miles away from you, with the nearest store being 10 miles away. In this case, you would need a car to run errands which might mean that you spend more on gasoline than you would make from the business.

You work with what you have!
A good part of what you have is where you are, right now.

How Can Weather In a Geographical Area Affect Your Business?

The weather in your area can affect a number of things in your business. For example, if you live in Florida where it gets very hot during the summer, selling natural wool hand warmers in June would not be very popular. Similarly, it generally wouldn't be a wise decision to sell homemade string bikini bathing suits in Wisconsin in the winter.

Depending on the area, your business may have to change with the seasons. You may change the goods or services that you sell with the seasons. Those, for example, who live in the northern part of the United States cannot mow lawns all year. If they want to keep the income flow coming, they may have to rake leaves in the fall and shovel snow in the winter. On the other hand, if you do yard work in the southwestern United States, you may find yourself doing gardening and lawn watering year round because the weather, even in winters, stays mild enough for lawns to be green and flowers to grow.

Or you may have to change the way you do some work as the seasons change. When fishing was done with sailing boats, the fishermen would usually have two kinds of boats and gear. In summer, they would use the sailing gear to work offshore for fish. But in the winter, they would use rowboats to row in shallow water catching lobsters and crab.

The changing seasons also affect the type of transportation you use to get to your business or to your customers. In the northern parts of the United States, bicycling during the warmer months could be done. When snow and cold weather descends, some other type of transportation should be found.

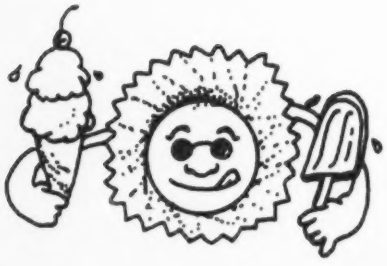
In some instances, the changing weather can affect whether you have much business at all or can carry on a business. If you have a bicycle delivery service for pizza and your area has tremendous snow storms for a period of weeks, you will probably be without much work unless you get an automobile for the deliveries. People in the construction trades know the effect of climate on their work.

Climate, Weather, Seasons

Putting on roofs or putting in roads cannot be done in really cold weather. So when such weather patterns appear, the construction businesses must find other work indoors in order to keep revenues coming in.

Weather can even affect indoor jobs. For example, if the nation has a very warm winter, the makers of snow shovels will not be very busy. The opposite is also very true. That is, if there is a very tough winter, the producers of snow shovels will be working overtime.

The weather and climate affect what you do, how you do it, what you wear, and even how you get to your work.



Climate, Weather, Seasons

ACTIVITY: To better understand how weather conditions affect businesses, answer the following questions:

1. In what instances might swim suits sell even in the winter in Minneapolis, Minnesota?

2. How do the seasons affect the following types of stores in your community:

   a. Grocery Store

   b. Men's or Women's Clothing Stores

   c. Hardware Store

   d. Florist

3. a. Name a business that you might do right now.

   Explain what you would do in this business.

   b. Now indicate whether you can carry out the business

in the summer?	Yes or No
in the winter?	Yes or No
in the rainy season?	Yes or No
in a time when it is hot and dusty?	Yes or No

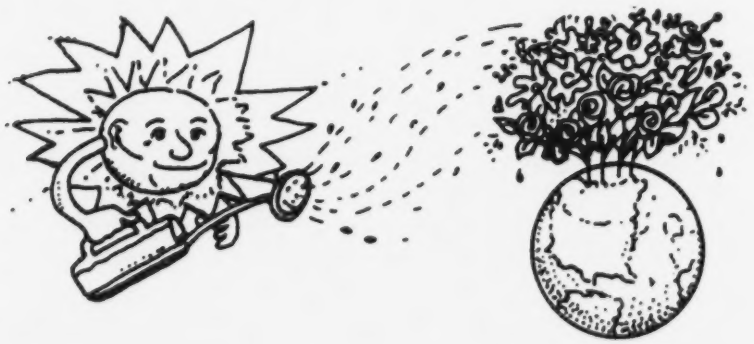
   c. If your answer was "no" to any of the above questions, please explain why the condition would affect your business.

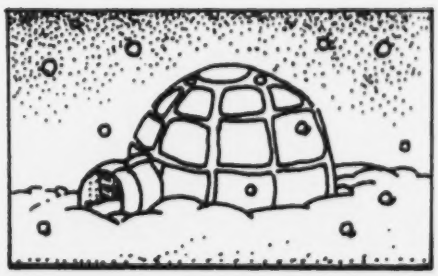
4. Getting back to Tom's errand business, how do you feel the weather in Philadelphia will affect Tom's business?

5. Taxicabs in major cities find that business picks up when there is a major snow or rain storm. Do you think that Tom's business might pick up in bad weather? Explain why or why not.

6. Let's go back to Harry. Remember, he worked in the cranberry bogs. Working in the bogs is primarily outdoors. In choosing this entrepreneurial venture, he should like to work outdoors in whatever kind of weather. How do weather conditions affect the clothes that he will need to buy and wear in this venture? Also, how might weather conditions affect the supply of cranberries each year?

7. Sonia, who sold food on the school bus, worked indoors as long as the buses ran. Can the weather affect Sonia's business selling snacks to her friends on the school bus?





Where and How Do My Customers Contact Me?

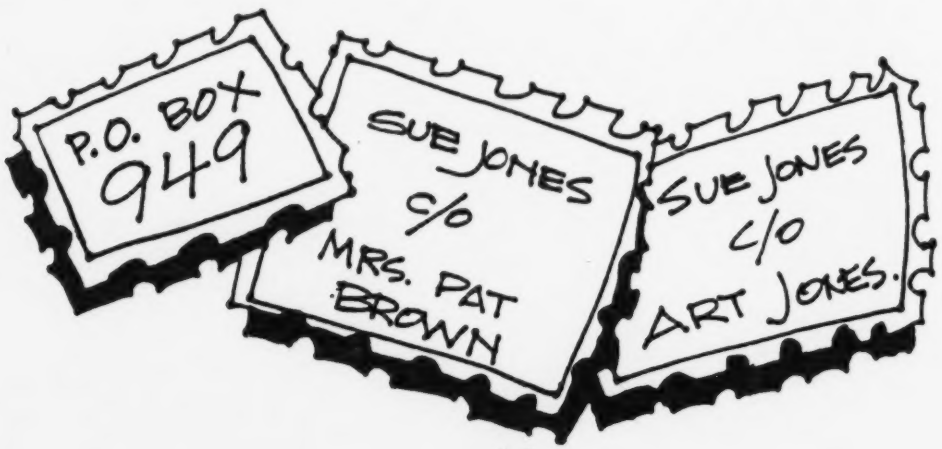
Where and how the customers contact the entrepreneur really depends on the business and the customers who are being served. For some businesses, a place for written or oral messages is all that is necessary to start the ball rolling. In other cases, there must be a place where the customer can visit and where written and oral messages can be received. In still other instances, no setup for getting oral and written messages is necessary, but a place where the buyer and seller can meet is required instead.

EXAMPLE:

If you paint houses, you will do your work wherever your customers live. At the most, you will need a TELEPHONE NUMBER for them to contact you, but you won't need a workroom or an office where your customers can meet you.

EXAMPLE:

If you sell small things by mail order catalog, you will probably never meet any of your customers personally. But, you will definitely need a MAILING ADDRESS where your customers can send their orders and their payments to you. You may also want them to phone their orders to you so a telephone number is needed.



Customer Contact

EXAMPLE:

Lisa wants to sell popcorn on her corner on the weekends. She pops the corn during the day and sells it on a busy corner which is very close to an art museum. Lisa is selling a convenience food. There needs to be a place where she meets the buyer - either a small shop or a stand. A mailing address or telephone number is not necessary.

EXAMPLE:

Lyle is an excellent artist who does a lot of landscape paintings. A number of people in his neighborhood really like his work. He is thinking about setting up a small shop out of his home which will be open only on Saturday afternoons and when people can make appointments. Lyle has to have a place to show his artwork plus a phone and mailing address so that he can set up appointments.

Indicate what the following small businesses may need so that the customers can easily contact the seller.

1. Sandwich service offered at beauty salons during lunch time.
2. Lawn mowing service.
3. Home catering of meals for four people.
4. Weekly "garage" sales of items from the neighborhood.

Do I Need Transportation?

John had a business escorting people. He did this mostly on foot, protecting people as they walked from one place to another in his neighborhood. If they wanted him to take a taxi with them, they arranged it and paid for it.

Sam, keeping books for his Dad, and eventually forming his own company, had to have an office, in a fixed location where he could do his work and his customers could always contact him. He was tied to a specific location, and only needed transportation to get to and from work.

You need to discover where your business requires you to go to serve your customers. Then you must figure how to get to that place and back. If you have a business in mind, can you:

do your business by phone or letter?	Yes	No
get to your work on foot (walking)?	Yes	No
go there on a bicycle?	Yes	No
take a bus or subway?	Yes	No
take a train?	Yes	No
row a boat to get there?	Yes	No
borrow a ride (reliably)?	Yes	No
do without a car or truck?	Yes	No

What About Helpers?

Do I Need Helpers? If I Need Helpers, Do I Have to Give Them a Place to Work or Can They Work Out of Their Own Places?

Helpers may be needed in a number of ways. One of them is to do the same work that you do. You may need them to get the work completed on time. In other instances, you may want helpers to do one part of the operation that you are not interested or competent in doing. Keep in mind that when you have helpers, you will probably need to spend more time managing the assignment of the work load and management of the helpers. Bringing helpers aboard brings many additional questions which must be answered. Two of them are: **(1)** where do you put them and **(2)** how is the work load split up?

As an example, Gloria seems to know just about everyone in school. She knows a lot about what is going on. If you have a paper to type (and your typing is pretty bad), she will give it to one of the typists she knows. In two days you will get a neatly-typed paper, ready to be turned in. Gloria collects a fee from you for taking the job. She takes care of all the contacts, the deliveries, and pickup of materials.

The typists are Gloria's helpers. They work for her and she pays them a set amount of money per page of typing. They have their own typewriters or word processors and work out of their homes.

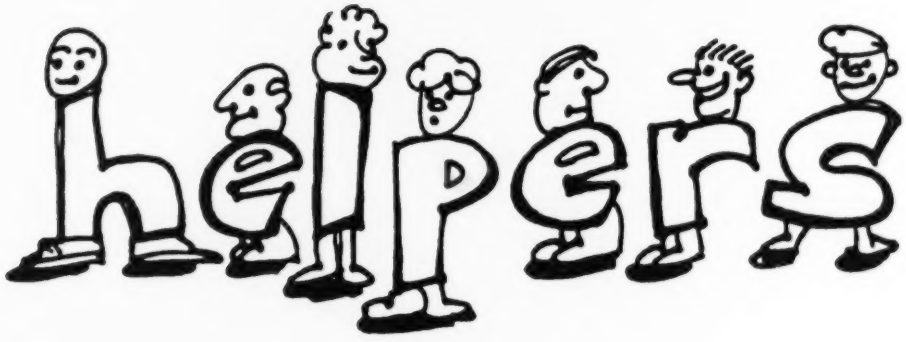
Notice in this case that Gloria is having them do the typing while she does the managerial aspects of assigning the work to the various helpers as well as the marketing aspects of the operation — contacting customers, deliveries, and the like. She decided that the best mode of operation was to have her helpers work out of their homes.

Another option was to set up a typing/word processing center in one location, but it is much less expensive and probably more workable to follow the option of having the helpers do the work out of their homes. For this to work, Gloria could only choose those helpers who had typewriters or word processors they could use.

What About Helpers?

If your business takes in more work than you can do alone, you may need helpers. But if you don't need an office or separate designated space to do the work, you won't need cleaning help, have to pay rent, or pay separate utility bills on the space that you are using. If possible, have the workers do their work out of their own space.

Also, keep in mind that you may only need workers SOME of the time, not all the time. Try to hire TEMPORARY help in cases such as when you have a big job to finish or are in an especially busy season. Don't get involved with hiring someone full time who will expect to get a regular salary from you even when there is little work to be done.



What About Helpers?

Let's see how well you can do answering the questions regarding helpers by making some suggestions to Joe, who has a lawn mowing business.

Joe mowed seven lawns last summer as a way to earn some spending money as well as increase his savings account. His clients really liked the way that he did the lawns. He was always dependable, his mower was always sharp, and he did the trimming very well around the trees and shrubs. At the beginning of the next year, he found that word had gotten around the community that he did a good job and he had calls from many additional people asking him to do their yards. In fact, he had the possibility of 14 jobs, double the amount that he had the previous year. He really doesn't know what to do.

1. What are some of the options that Joe has?

2. Suppose that he brings in helpers to do the work? What are some concerns that Joe might have in bringing in the helpers?

3. If Joe brought in helpers to do the 14 yards, would Joe's responsibilities change? How?

4. If Joe brought in helpers, how would you recommend that they store the lawnmowers? Would they need a central place to put all of the lawnmowers that Joe and the helpers would use to mow the lawns?

Do I Need an Office, Storage or Warehouse Space?

Before you decide whether you need a fixed place from which to conduct your business, look at what an office is not:

AN OFFICE IS NOT:

- Fancy furniture
- Hanging plants
- A good-looking person (man or woman) at an expensive desk answering the phone
- Thick rugs on the floor
- A fancy telephone
- All the things you see "businesspersons" use on TV

AN OFFICE IS:

- A place out of the wind, rain and weather
- A safe place to do paper work
- Somewhere to take and make phone calls
- A reasonably quiet place to write, figure, concentrate
- A secure place to keep your records
- Somewhere for a customer to meet you

Office or Storage Space?

Can you go to your customers instead of having them come to you?

YOU have to PAY for all the conveniences that you have in an office. If all you need is a place to receive mail and phone calls . . . you do not need an office in a building. A portable office in a briefcase or book bag will do just fine.

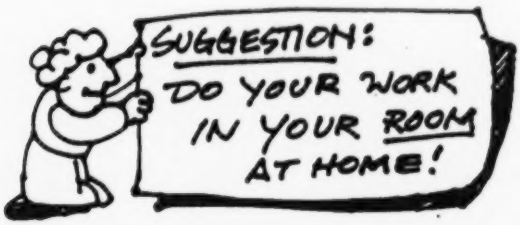
INEXPENSIVE OFFICES

Instead of a full office, could you use PART OF A DESK?
Could you use a single drawer or two and share desk supplies?

Could you use PART OF A ROOM?
Sharing the cost of a room with one or more persons cuts the costs for everyone.

If you need whole spaces, could you BORROW SPACE from parents, relatives, friends, or other interested people?

If you must RENT SPACE, look for spaces that fit your needs, but don't seem to fit anyone else's. For example: A garage with bad street access.



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Do I Need a Telephone?

Some businesses don't need phones: For example, Sonia sells her items directly to people on the school bus.

Some businesses only need access to a phone: You can use a phone owned or rented by someone else. You just borrow the occasional use of it.

If your calls increase beyond two or three per day, it would be good business practice to offer some payment for your phone use. Such an arrangement may help you decide whether you need a place to have a phone of your own installed.

Let's look at a particular situation. Suppose that you want to read stories to children between 7 and 9 p.m. in the evening over the telephone as they are going to bed. You think that many of the parents in your area would be interested in having their children read to by someone like you who has a good voice and an interest in younger children. In planning the setup for the operation, answer the following questions:

1. Do you need a full office for this type of operation? Why or why not? If not, would you need some type of partial office?
2. What about a telephone? Would you need one of these for this type of business?
3. If you gained more business than you could handle, do you think you should hire some helpers? Would you need an office if you hired two to three helpers for this type of business? Why or why not?

Items Needed For Any Business

At the beginning of this module, mention was made of Maude and her parents who were peddlers who went from village to village in the Appalachian Mountains selling their wares. They did not have to have an address or a telephone number to run their business. They also did not have to have a separate office or showroom in a downtown location. Their showroom and office were their wagon.

Times have certainly changed. The government expects us to have an address and phone number so that they can contact us. In today's world with faster communication, it would be very difficult to operate a business without a telephone number. Yet, some things can be viewed as somewhat the same. You don't have to have a fancy office or storage facility to make the business successful. It might be done out of your home, just as Maude and her parents had their office and storage area in their home, the wagon.

In effect, though, there are some essential things related to location which every entrepreneur should have. These include:

1. An Address of Convenience
2. Access to a Telephone
3. A Place for Your Supplies and Records
4. A Place for Your Merchandise

Each of these is described in detail on the next few pages.

AN ADDRESS OF CONVENIENCE

This is, at a minimum, just a place where you get your mail. (You have to pick up your mail somewhere, but you don't have to live there.)

Examples of an "Address of Convenience":

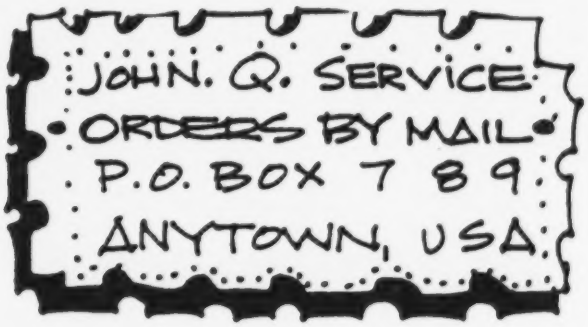
a. The address where you actually live may be used as your business address.

b. Post Office Box: in most cases, a post office box will do very well. However, you have to pay money to rent a post office box.

c. Someone who will let your mail come to their address might be the solution if money is a problem.

d. If you need a fancier address, there are also companies around who specialize in helping the small business person. They provide private mail boxes and lend small businesses the use of their address. However, they do not do this for free. They charge money for their services. But they cost much less than renting an entire office for yourself.

e. The address of part of a building that you rent. This would be fine if you could afford the rent. Most beginning entrepreneurs find this option too expensive.



ACCESS TO A TELEPHONE

You need a phone number where people can call you, and someone, or something, to take messages. However, you do not have to own a phone.

Examples of ways to have use of a telephone number:

a. A friend or family member's telephone (with their permission)

b. An ANSWERING SERVICE

c. An ANSWERING MACHINE on your own or someone else's phone

You will need to make calls, too. But, the phone on which you make calls, and the number where you receive calls do not have to be the same: You could even use a public pay phone, so long as you have money to pay for the calls.

To make life easier, you could set aside a time each day and make all your calls then. If a friend is taking calls for you, you may need to tell your customers to call only during certain times of the day. Be sure to work these details out with anyone whose phone you are using.

A PLACE FOR YOUR SUPPLIES AND RECORDS

You need a dry place to store your papers, records and desk supplies, and some dry surface to write on. Even a tiny business has papers such as receipts, bills, orders and catalogs and needs a safe place to store them.

Examples of places for supplies that don't involve a formal office:

a. A door across two sawhorses can be set up in almost any room, basement or garage, and does just fine for some businesses.

b. You can have a portable office in a briefcase, book bag or suitcase. This can go with you when and where you need it, and will store easily in a closet, locker or corner of your room.

A PLACE FOR YOUR MERCHANDISE

If you make a product, or fix broken things, you will need a place to store the parts, materials, tools and finished items.

Examples:

a. If your business needs lots of storage space, consider asking someone if you may use their attic, basement or garage. (Offer to exchange your help in cleaning it out and keeping it clean, for their letting you use the space)

b. You could also rent storage space from a "mini-warehouse" complex. Perhaps several small businesses, each only needing part of one space, could go in together to rent one storage space. Of course, this costs money, and you may have to be able to travel out of your neighborhood to get to the storage space. You also may need an adult to sign the contract and take responsibility for renting the space for you with your money.

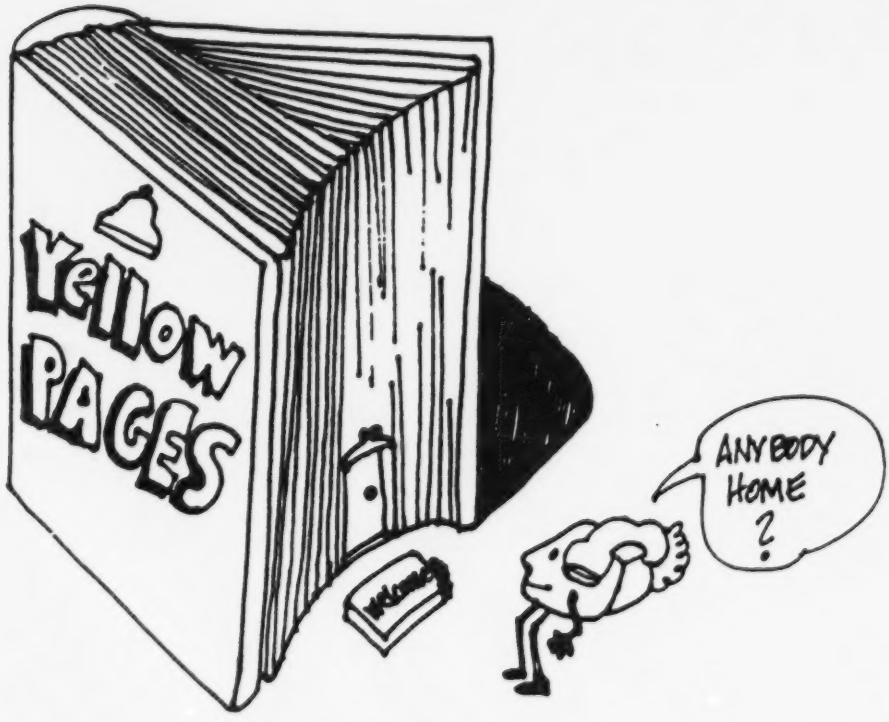
If your business is small enough, you could work from a park bench, or out of your backpack, or car. However, it is useful to know about other storage places in your area, and what might be involved in using them.

The Basics

For the exercises that follow, you will need a set of blank note cards and a local phone directory with Yellow Pages.

ACTIVITIES:

1. Look in the Yellow Pages of your phone directory.
   a) find self-storage or small storage rental firms
   b) list each such firm, including its address and phone number on a file card
2. Call several, and from each, find out and write on the file card:
   - costs
   - room sizes
   - type and minimum length of contract
   - your responsibilities as a renter
   - limitations on rental of storage space



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Where To Do Business

Check Point! Check Your Understanding

1. What are four basics as far as location/communication which a small business must have?
2. Does the address of a business have to be the same place where the items to be sold are stored? Why or why not?
3. A small business must have its own telephone and its own address. True or false? Explain.
4. You have a vending cart selling hotdogs, soft drinks, and potato chips on the streets of a major city. Would weather affect your business? Explain.
5. Does a small business have to be in the same area where its customers are located? Explain why or why not.
6. What are some of the costs for the young entrepreneur in operating a business outside his/her neighborhood instead of within it?
7. Explain why different neighborhoods may have different entrepreneurial opportunities.
8. If one finds that he/she needs helpers to operate a business successfully, there are several questions which must be answered. Two of them focus on how the work of the entrepreneur changes and where the helpers will be housed. Explain why those questions have to be answered.
9. Why is the hiring of temporary workers instead of a full-time employee sometimes better for the business?
10. What is the purpose of an office and a storage area for a business? In what instances might you want to do both of these out of your home if you are a beginning entrepreneur?
11. In what instances will an expensive office/showroom in a fashionable address be beneficial? In what instances will it not be beneficial? Explain both of your answers. Why do most successful entrepreneurs start their businesses in less than fashionable addresses?

CLEANING UP BY CLEANING HOUSE

Abe and Rachel lived in a very large apartment complex with a lot of families. Since the apartments had limited space, there was always a concern about "cleaning out" once in awhile. Since these families did not have large yards to have garage sales like they do in the suburbs, they would often trash many good items. In some instances, they would give the items to local charities.

Abe and Rachel wondered if they could start up a once-a-month garage sale just for items that teens would like. Their plan was to have the garage sale on the first Saturday of every month in their own building. They would see if they could have the sale in one of the rooms in the building where they lived — perhaps in one of the rooms on the first floor that was for all of the residents. Their plan was to take things only on consignment. That is, they would not buy the items from the residents but would put them on display in the room. The pricing would have to be done by the person bringing the item.

Abe and Rachel would take care of the advertising and would make sure that the room was ready for those bringing in the items. They also would run the building garage sale each Saturday, including taking money, making change, sharing their knowledge about the product, and making sure that there were no theft problems. Abe and Rachel thought that their share of the revenues should be 10% of the sales price. Considering that 150 families lived in this large apartment complex, they thought this event would be successful.

To help them further analyze the situation, answer the following questions:

1. How does their location affect the type of business that they are planning to do? If the residents in the apartment building were primarily senior citizens, would they be following the same plan? Might they follow a similar plan but modify it a bit? Explain.

2. Would their base of operation have to be close to the customers or could they be a long way from the customer? Is the location of their garage sales important to the success of the operation?

Where To Do Business

3. Would the weather in any way affect their operation? If it was lovely Saturday in the summer, what would their business be like? Compare that with Saturdays which are rainy and dreary.

4. Would they need any helpers? If so, how would they use them?

5. Would they need an office separate and apart from the place where the "sales" were held?

6. Would they need a telephone separate from what they have in their home? Why or why not?

7. What do you think about their business idea? Do you think it will work? Why or why not?